

Message Text

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ORIGIN ARA-06

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P 170002Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY QUITO PRIORITY

C O N F I D E N T I A L STATE 177220

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, EC

SUBJECT: TEXACO-GULF

REF: A) QUITO 5001; B) STATE 175143

1. DESK OFFICER BRIEFED WASHINGTON REPS FOR TEXACO AND GULF (T-G) ON SUBSTANCE REFTEL A, WITH REQUEST INFORMATION TO BE HELD CLOSELY; ALSO NOTED AMBASSADOR WAS NOT GOING TO REVEAL INFORMATION TO THE LOCAL MANAGERS OF T-G.

2. TEXACO'S REP, ROBERT KENNEY, IMMEDIATELY TELEPHONED VICE-PRESIDENT SHIELDS TO TRANSMIT GIST OF REFTEL AND TO ASK WHAT DESK OFFICER COULD PASS TO THE AMBASSADOR. SHIELDS SAID TO TELL THE AMBASSADOR HOW GRATEFUL TEXACO WAS FOR SUCH GOOD NEWS AND FOR THE STATE DEPARTMENT'S HELP, AND TO ADD THAT SHIELDS WILL ARRIVE IN QUITO SUNDAY AFTERNOON, JULY 18, AND WOULD VERY MUCH LIKE TO SEE THE AMBASSADOR SUNDAY AFTERNOON OR EVENING AT THE AMBASSADOR'S CONVEN-
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IENCE. SHIELDS WILL TELEPHONE THE EMBASSY'S DUTY OFFICER

ON ARRIVAL TO BE TOLD WHAT'S POSSIBLE. ALSO, SHIELDS IS NERVOUS ABOUT TRAVELING IN LATIN AMERICA THESE DAYS, SO HE ASKS THAT YOU LIMIT DISTRIBUTION OF HIS ETA AND ITINERARY. FYI: KENNEY DID NOT ASK SHIELDS ABOUT THE REASON FOR THE

'RIP OR WHO SHIELDS WOULD MEET WITH, BUT GULF SOURCES SAY THAT IT'S HIGHLY PROBABLE SHIELDS WILL MEET WITH MINISTER OF NATURAL RESOURCES VARGAS BEFORE JULY 21 TO HELP TEXACO MAKE UP ITS MIND ABOUT FILING A SUIT HERE.

3. GULF'S WASHINGTON REP, NESTOR ORTIZ, ALSO THANKED THE AMBASSADOR AND THE DEPARTMENT, BUT HIS REACTION WHEN PRESSED FOR ONE WAS "SAME SONG SECOND VERSE." HE ADDED, HOWEVER, THAT SINCE GULF FILED SUIT JULY 16 PER REFTTEL B, AND THUS HAD ITS INTERESTS PROTECTED, GULF WAS PREPARED TO BE PATIENT FOR A WHILE AND SEE WHAT HAPPENS.

4. FYI: ANOTHER DEVELOPMENT HERE IS ECUADOR'S PETROLEUM ATTACHE HAS APPROACHED THE FEDERAL ENERGY ADMINISTRATION AND THE DEPARTMENT WITH A PROPOSAL FOR A GOVERNMENT-TO-GOVERNMENT DEAL FOR SELLING US 40,000 B/D (CEPE SHARE OF PRODUCTION) FOR OUR STRATEGIC RESERVE SYSTEM. ARA AND EB WILL DRAFT AN ANSWER, SO WE WELCOME YOUR THOUGHTS. HABIB

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